

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Paul J. Couchot - State Bar No. 131934 Sean A. O'Keefe - State Bar No. 122417 Mike Neue - State Bar No. 179303 pcouchot@couchotlaw.com COUCHOT LAW, LLP 120 Newport Center Drive, Suite 100 Newport Beach, CA 92660 Telephone: (949) 942-6592 <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Bruce Elieff, Morse Properties LLC, 4627 Camden LLC	FOR COURT USE ONLY
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UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION	
In re: BRUCE ELIEFF, MORSE PROPERTIES, LLC, 4627 CAMDEN, LLC [Affects Morse Properties, LLC] Debtor(s).	CASE NO.: 8:19-bk-13838-ES* CHAPTER: 11 NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: 05/19/2020	Time: 10:00 am
Location: Couchot Law, LLP, 120 Newport Center Drive, Suite 100, Newport Beach, CA 92660	

Type of Sale: ☒ Public ☐ Private **Last date to file objections:** 05/07/2020

Description of property to be sold:

Commercial building located at 2392 Morse Avenue, Irvine, California 92614, a 20,392 square foot flex building [APN 435-141-08].

Terms and conditions of sale:

See attached Exhibit 1 - form of Asset Purchase Agreement and Exhibit 2 - Order Approving Bidding Procedures.

Proposed sale price: \$ 8,500,000.00

*Jointly Administered with Case Nos. 8:19-bk-13874-ES and 8:19-bk-13875-ES

This form is mandatory. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

Overbid procedure (if any):

Minimum overbid of \$8,700,000 cash and good faith cash or cash equivalent deposit in the amount of \$250,000. See attached Exhibit 2 - Order Approving Bidding Procedures for full description and details.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

May 21, 2020 at 10:30 a.m. before the Honorable Erithe A. Smith, United States Bankruptcy Judge, in Courtroom 5A of the Ronald Reagan Federal Building and United States Courthouse, 411 West Fourth Street, Santa Ana, CA 92701.

Contact person for potential bidders (include name, address, telephone, fax and/or email address):

Carol Trapani, CBRE, Inc., 3501 Jamboree Road, Suite 100, Newport Beach, CA 92660; Telephone: 949-725-8603 ;
Email: carol.trapani@cbre.com

Brian Weiss, Force Ten Partners, LLC, 20341 SW Birch, Suite 220, Newport Beach, CA 92660; Telephone:
949-357-2368; Email: bweiss@force10partners.com

Date: 03/17/2020

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
120 Newport Center Drive, Suite 100, Newport Beach, CA 92660

A true and correct copy of the foregoing document entitled: **NOTICE OF SALE OF ESTATE PROPERTY** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On *(date)* 03/17/2020, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

See attached NEF Service List.

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On *(date)* _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on *(date)* 03/17/2020, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

The Honorable Erithe A. Smith (Via Overnight Delivery)
United States Bankruptcy Judge
411 West Fourth Street, Suite 5040
Santa Ana, CA 92701

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

03/17/2020
Date

Martha Araki
Printed Name

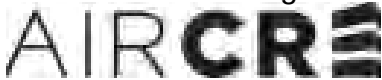
/s/ Martha Araki
Signature

1. **PARTIES TO BE SERVED VIA NEF:**

- **Attorneys for Debtors Bruce Elieff, Morse Properties LLC and 4627 Camden, LLC:** Paul J. Couchot: pcouchot@couchotlaw.com; admin@couchotlaw.com
- **United States Trustee (SA)** ustpregion16.sa.ecf@usdoj.gov; **Michael J. Hauser:** michael.hauser@usdoj.gov
- **Attorneys for Creditor John P. King, Jr., Trustee of the King Family Trust Dated October 31, 2001; John P. King, Jr., Trustee of the John P. King, Jr. Retirement Trust Dated January 1, 2005:** Julian K Bach : Julian@Jbachlaw.com, julianbach@sbcglobal.net
- **Interested Party/Courtesy/NEF:** Christopher D Beatty: cbeatty@millerbarondess.com, esanchirico@millerbarondess.com; aransom@millerbarondess.com; docket@millerbarondess.com
- **Attorneys for Defendant Bruce Elieff and 4627 Camden, LLC:** Jeffrey S Benice: jsb@jeffreybenice.com
- **Interested Party/Courtesy/NEF:** Jeffrey W Broker: jbroker@brokerlaw.biz
- **Attorneys for Creditors JPMorgan Chase Bank, NA, The Bank of New York Mellon fka The Bank of New York, as Trustee for The Certificateholders of CWMBS, Inc., CHL Mortgage Pass-Through Trust 2005-02, Mortgage Pass-Through Certificates, Series 2005-02 and its loan servicer, Bank of America Mortgage:** Greg P Campbell: ch11ecf@aldridgepite.com, gc@ecf.inforuptcy.com; gcampbell@aldridgepite.com
- **Attorneys for JPMorgan Chase Bank, NA:** Bryant S Delgadillo: Bryant.delgadillo@piblaw.com; marian.flores@piblaw.com
- **Attorneys for Creditor Jacqueline Miller:** James W Denison: jameswdenison@aol.com
- **Interested Party/Courtesy/NEF:** Rafael R Garcia-Salgado: rgarcia@goeforlaw.com; kmurphy@goeforlaw.com
- **Attorneys for Internal Revenue Service Office of Chief Counsel:** Eric M Heller : eric.m.heller@irs.counsel.treas.gov
- **Attorneys for Creditor Pelican Point Community Association:** James A Judge: james@thejudgefirm.com, anja@thejudgefirm.com
- **Attorneys for Creditor Todd Kurtin:** Lewis R Landau: Lew@Landaunet.com
- **Interested Party/Courtesy NEF:** Byron Z Moldo: bmoldo@ecjlaw.com; amatsuoka@ecjlaw.com
- **Attorneys for Creditor Todd Kurtin:** Edward O Morales: emorales@soollp.com, jcurley@soollp.com
- **Interested Party/Courtesy NEF:** Gary A Pemberton: gpemberton@shulmanbastian.com, elohayza@shulmanbastian.com; sseelert@shulmanbastian.com
- **Attorneys for Creditor Citi Investment Capital, Inc.:** David L Prince: dlp@redchamber.com
- **Attorneys for MTC Financial Inc. dba Trustee Corps:** Richard J. Reynolds: rreynolds@bwslaw.com, psoeffner@bwslaw.com, tmurphy@bwslaw.com, rjr-nef@bwslaw.com, fcabezas@bwslaw.com, jgomez@bwslaw.com
- **Attorneys for Creditor GJC Aircraft SVP 8, LLC:** Caroline A Sayers: csayers@lathropgage.com
- **Attorneys for United States Tax Division:** Najah J Shariff: najah.shariff@usdoj.gov; USACAC.criminal@usdoj.gov
- **Interested Party/Courtesy/NEF:** Philip E Strok, Sharon Oh-Kubisch: pstrok@swelawfirm.com, sokubisch@swelawfirm.com, gcruz@swelawfirm.com; 1garrett@swelawfirm.com; jchung@swelawfirm.com
- **Attorneys for Official Committee of Unsecured Creditors and for Creditor Miller Barondess LLP:** Richard L. Wynne, Edward J McNeilly: richard.wynne@hoganlovells.com; edward.mcneilly@hoganlovells.com; tracy.southwell@hoganlovells.com; cindy.mitchell@hoganlovells.com

EXHIBIT 1

Form of Asset Purchase Agreement



STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS
FOR PURCHASE OF REAL ESTATE
(Non-Residential)

Dated: February 26, 2020

1. Buyer.

1.1 Dirk Griffin or assignee, ("Buyer") hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller") (collectively, the "Parties" or individually, a "Party"), through an escrow ("Escrow") to close **2 business days after the entry of a Bankruptcy Court Order approval of the sale** ~~30 or _____ days after the waiver or expiration of the Buyer's Contingencies~~, ("Expected Closing Date") to be held by Fidelity National Title (Jody Kelly) ("Escrow Holder") whose address is 4400 MacArthur Blvd, Suite 200 Newport Beach, CA 92660, Phone No. Fidelity National Title (Jody Kelly) 4400 MacArthur Blvd, suite 200 Newport Beach, CA 92660, Facsimile No. _____ upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer.

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property.

2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) 20,392 SF flex building is located in the County of Orange, is commonly known as (street address, city, state, zip) 2392 Morse Avenue, Irvine, CA 92614 and is legally described as: to be provided by title (APN: 435-141-08).

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Fidelity National Title ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: electrical distribution systems (power panel, bus ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters; heating, ventilating, air conditioning equipment ("HVAC"); air lines; fire sprinkler systems; security and fire detection systems; carpets; window coverings; wall coverings; and _____ (collectively, the "Improvements").

2.4 The fire sprinkler monitor: ☐ is owned by Seller and included in the Purchase Price, ☐ is leased by Seller, and Buyer will need to negotiate a new lease with the fire monitoring company, ☒ ownership will be determined during Escrow, or ☐ there is no fire sprinkler monitor.

2.5 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and _____ all of which shall be removed by Seller prior to Closing.

3. Purchase Price.

3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$8,500,000, payable as follows:
(Strike any not applicable)

- (a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price): \$2,550,000
- (b) Amount of "New Loan" as defined in paragraph 5.1, if any: \$5,950,000

~~(c) Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("Existing Deed(s) of Trust") securing the existing promissory note(s) ("Existing Note(s)");~~

- ~~(i) An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately:~~
- ~~_____~~
- ~~_____ Said First Note is payable at _____ per month, including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____).~~
- ~~(ii) An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately:~~
- ~~_____~~

~~_____ Said Second Note is payable at _____ per month, including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____).~~

~~(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property, to secure the promissory note of Buyer to Seller described in paragraph 6 ("Purchase Money Note") in the amount of:~~

Total Purchase Price: \$8,500,000

3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 ☐ Buyer has delivered to Broker a check in the sum of _____, payable to Escrow Holder, to be delivered by Broker to Escrow Holder within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or ☒ within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder Buyer shall deliver to Escrow Holder a check in the sum of \$250,000. If said check is not received by Escrow Holder within said time period then Seller may elect to unilaterally terminate this transaction by giving written notice of such election to Escrow Holder whereupon neither Party shall have any further liability to the other under this Agreement. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

~~4.2 Additional deposits:~~

~~(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of _____ to be applied to the Purchase Price at the Closing.~~

~~(b) Within 5-1 business days after the contingencies discussed in paragraph 9.1 (a) through (m) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of _____ to be applied to the Purchase Price at the Closing.~~

~~(c) If an Additional Deposit is not received by Escrow Holder within the time period provided then Seller may notify Buyer, Escrow Holder, and Brokers, in writing that, unless the Additional Deposit is received by Escrow Holder within 2 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.~~

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally

chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity. Buyer's Federal Tax Identification Number is _____. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

4.4 Notwithstanding the foregoing, within 5 days after Escrow Holder receives the monies described in paragraph 4.1 above, Escrow Holder shall release \$100 of said monies to Seller as and for independent consideration for Seller's' execution of this Agreement and the granting of the contingency period to Buyer as herein provided. Such independent consideration is non-refundable to Buyer but shall be credited to the Purchase Price in the event that the purchase of the Property is completed.

4.5 Upon waiver of all of Buyer's contingencies the Deposit shall become non-refundable but applicable to the Purchase Price except in the event of a Seller breach, or in the event that the Escrow is terminated pursuant to the provisions of Paragraph 9.1(n) (Destruction, Damage or Loss) or 9.1(o) (Material Change).

5. Financing Contingency. (Strike if not applicable)

5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least 70 % of the Purchase Price, on terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.

5.2 If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within 30 days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order the Date of Agreement,** that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.

5.3 If Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.

~~6. Seller Financing. (Purchase Money Note). (Strike if not applicable)~~

~~6.1 If Seller approves Buyer's financials (see paragraph 6.5) the Purchase Money Note shall provide for interest on unpaid principal at the rate of _____ % per annum, with principal and interest paid as follows: _____. The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.~~

~~6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):~~
~~(a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.~~
~~(b) Late Charge. A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.~~

~~(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.~~

~~6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.~~

~~6.4 WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING. IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.~~

~~6.5 Seller's obligation to provide financing is contingent upon Seller's reasonable approval of Buyer's financial condition. Buyer to provide a current financial statement and copies of its Federal tax returns for the last 3 years to Seller within 10 days following the Date of Agreement. Seller has 10 days following receipt of such documentation to satisfy itself with regard to Buyer's financial condition and to notify Escrow Holder as to whether or not Buyer's financial condition is acceptable. If Seller fails to notify Escrow Holder, in writing, of the disapproval of this contingency within said time period, it shall be conclusively presumed that Seller has approved Buyer's financial condition. If Seller is not satisfied with Buyer's financial condition or if Buyer fails to deliver the required documentation then Seller may notify Escrow Holder in writing that Seller Financing will not be available, and Buyer shall have the option, within 10 days of the receipt of such notice, to either terminate this transaction or to purchase the Property without Seller financing. If Buyer fails to notify Escrow Holder within said time period of its election to terminate this transaction then Buyer shall be conclusively presumed to have elected to purchase the Property without Seller financing. If Buyer elects to terminate, Buyer's Deposit shall be refunded less Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.~~

7. Real Estate Brokers.

7.1 Each Party acknowledges receiving a Disclosure Regarding Real Estate Agency Relationship, confirms and consents to the following agency relationships in this transaction with the following real estate broker(s) ("Brokers") and/or their agents ("Agent(s)"):

Seller's Brokerage Firm CBRE License No. _____ is the broker of (check one): ☒ the Seller; or ☐ both the Buyer and Seller (dual agent).

Seller's Agent Carol Trapani License No. 01099644 is (check one): ☒ the Seller's Agent (salesperson or broker associate); or ☐ both the Seller's Agent and the Buyer's Agent (dual agent).

Buyer's Brokerage Firm Voit Real Estate Services License No. 01991785 is the broker of (check one): ☒ the Buyer; or ☐ both the Buyer and Seller (dual agent).

Buyer's Agent Adam Hill / Chris Drzyzga License No. 01970562/01926212 is (check one): ☒ the Buyer's Agent (salesperson or broker associate); or ☐ both the Buyer's Agent and the Seller's Agent (dual agent).

The Parties acknowledge that other than the Brokers and Agents listed above, there are no other brokers or agents representing the Parties or due any fees and/or commissions under this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the top of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker, agent or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers and Agents named in paragraph 7.1, and no broker, agent or other person, firm or entity, other than said Brokers and Agents is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, agent, finder or other similar party, other than said named Brokers and Agents by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions. In the event that there is any conflict between the provisions of the Agreement and the provisions of any additional escrow instructions the provisions of the Agreement shall prevail as to the Parties and the Escrow Holder.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance. (See also paragraph 11.)

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), (n), and (o), 9.4, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and are not

instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in Paragraph 9.2 or disapproval of any other matter subject to Buyer's approval, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall, subject to the provisions of paragraph 8.10, be promptly refunded all funds deposited by Buyer with Escrow Holder, less only the \$100 provided for in paragraph 4.4 and the Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

8.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this sale of the Property is not consummated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to any obligation to return Buyer's deposit (see paragraph 21), Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. **IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT.** Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (m) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) *Disclosure.* Seller shall make to Buyer, through Escrow, all of the applicable disclosures required by law (See AIR CRE ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet ("**Property Information Sheet**") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within ~~10 or _____~~ days following the Date of Agreement. Buyer has **10 30** days from ~~the receipt of said disclosures~~ **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** to approve or disapprove the matters disclosed.

(b) *Physical Inspection.* Buyer has ~~10 or _____~~ **30** days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the receipt of the Property Information Sheet or the Date of Agreement, whichever is later~~, to satisfy itself with regard to the physical aspects and size of the Property.

(c) *Hazardous Substance Conditions Report.* Buyer has 30 ~~or _____~~ days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the receipt of the Property Information Sheet or the Date of Agreement, whichever is later~~, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "**Hazardous Substance**" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "**Hazardous Substance Condition**" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) *Soil Inspection.* Buyer has 30 ~~or _____~~ days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the receipt of the Property Information Sheet or the Date of Agreement, whichever is later~~, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days following the Date of Agreement.

(e) *Governmental Approvals.* Buyer has 30 ~~or _____~~ days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the Date of Agreement~~ to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) *Conditions of Title.* Escrow Holder shall cause a current commitment for title insurance ("**Title Commitment**") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("**Underlying Documents**"), and a scaled and dimensioned plot showing the location of any easements to be delivered to Buyer within 10 ~~or _____~~ days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the Date of Agreement~~. Buyer has ~~10- 30~~ **30** days from **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the receipt of the Title Commitment, the Underlying Documents and the plot plan~~ to satisfy itself with regard to the condition of title. The disapproval by Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) *Survey.* Buyer has 30 ~~or _____~~ days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the receipt of the Title Commitment and Underlying Documents~~ to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("**ALTA**") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) *Existing Leases and Tenancy Statements.* Seller shall within 10 ~~or _____~~ days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the Date of Agreement~~ provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "**Existing Leases**") affecting the Property, and with a tenancy statement ("**Estoppel Certificate**") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has **10 30** days from **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the receipt of said Existing Leases and Estoppel Certificates~~ to satisfy itself with regard to the Existing Leases and any other tenancy issues.

(i) *Owner's Association.* Seller shall within 10 ~~or _____~~ days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the Date of Agreement~~ provide Buyer with a statement and transfer package from any owner's association servicing the Property. Such transfer package shall at a minimum include: copies of the association's bylaws, articles of incorporation, current budget and financial statement. Buyer has ~~10 30~~ **30** days from **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the receipt of such documents~~ to satisfy itself with regard to the association.

(j) *Other Agreements.* Seller shall within 10 ~~or _____~~ days following **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the Date of Agreement~~ provide Buyer with legible copies of all other agreements ("**Other Agreements**") known to Seller that will affect the Property after Closing. Buyer has ~~10 30~~ **30** days from **the latter of 3/16/20, or the Bankruptcy Court Procedure Order** ~~the receipt of said Other Agreements~~ to satisfy itself with regard to such Agreements.

(k) *Financing.* If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

~~(l) Existing Notes. If paragraph 3.1(c) has not been stricken, Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the~~

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~~beneficiary in connection with such loan. Buyer has 10 or _____ days following the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof. Likewise if Seller is to carry back a Purchase Money Note then Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with a copy of the proposed Purchase Money Note and Purchase Money Deed of Trust. Buyer has 10 or _____ days from the receipt of such documents to satisfy itself with regard to the form and content thereof.~~

(m) *Personal Property.* In the event that any personal property is included in the Purchase Price, Buyer has ~~10 or _____~~ 30 days following ~~the latter of 3/16/20, or the Bankruptcy Court Procedure Order - the Date of Agreement~~ to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 ~~or _____~~ days following ~~the latter of 3/16/20, or the Bankruptcy Court Procedure Order~~ the Date of Agreement.

(n) *Destruction, Damage or Loss.* Subsequent to the Date of Agreement and prior to Closing there shall not have occurred a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this Agreement or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this Agreement, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(o) *Material Change.* Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "**Material Change**" shall mean a substantial adverse change in the use, occupancy, tenants, title, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

(p) *Seller Performance.* The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(q) *Brokerage Fee.* Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("**Brokerage Fee**"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

(r) Subject to the Sale Order and Overbid.

9.2 All of the contingencies specified in subparagraphs (a) through (m) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "**Buyer's Contingencies.**"

9.3 If any of Buyer's Contingencies or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("**Disapproved Item**"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("**Seller's Election**"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the right, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this Agreement. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this Agreement. The above time periods only apply once for each Disapproved Item. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents and Other Items Required at or Before Closing.

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

- (a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.
- (b) If applicable, the Beneficiary Statements concerning Existing Note(s).
- (c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.
- (d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.
- (e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.
- (f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.
- (g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.
- (h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

- (a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder in immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date provided, however, that Buyer shall not be required to deposit such monies into Escrow if at the time set for the deposit of such monies Seller is in default or has indicated that it will not perform any of its obligations hereunder. Instead, in such circumstances in order to reserve its rights to proceed Buyer need only provide Escrow with evidence establishing that the required monies were available.
- (b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.
- (c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.
- (d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.
- (e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.
- (f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 Taxes. Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 Insurance. WARNING: Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 Rentals, Interest and Expenses. Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 Security Deposit. Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 Post Closing Matters. Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

11.6 Variations in Existing Note Balances. In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("Existing Note Variation"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.

11.7 Variations in New Loan Balance. In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 5.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

11.8 Owner's Association Fees. Escrow Holder shall: (i) bring Seller's account with the association current and pay any delinquencies or transfer fees from Seller's proceeds, and (ii) pay any up front fees required by the association from Buyer's funds.

12. Representations and Warranties of Seller and Disclaimers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 3 years, and any lawsuit or action based upon them must be commenced within such time period. Seller's warranties and representations are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

(a) Authority of Seller. Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) Maintenance During Escrow and Equipment Condition At Closing. Except as otherwise provided in paragraph 9.1(n) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted.

(c) Hazardous Substances/Storage Tanks. Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) Compliance. Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.

(e) Changes in Agreements. Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) Possessory Rights. Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.

(g) Mechanics' Liens. There are no unsatisfied mechanics' or materialmens' lien rights concerning the Property.

(h) Actions, Suits or Proceedings. Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

(i) Notice of Changes. Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(o)) affecting the Property that becomes known to Seller prior to the Closing.

(j) No Tenant Bankruptcy Proceedings. Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.

~~(k) No Seller Bankruptcy Proceedings. Seller is not the subject of a bankruptcy, insolvency or probate proceeding.~~

(l) Personal Property. Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have waived all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the re-compaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees and costs. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights.

18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.

18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger, or by mail, postage prepaid, to the address set forth in this agreement or by facsimile transmission, electronic signature, digital signature, or email.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered, or transmitted by facsimile transmission, electronic signature, digital signature, or email. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of Irvine, California on the date of March 16, 2020 , it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initialed by both Parties).
THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF \$250,000 . UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

Buyer's Initials

Seller's Initials

22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initialed by both Parties.)

22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. THE NUMBER OF ARBITRATORS SHALL BE AS PROVIDED IN THE COMMERCIAL RULES AND EACH SUCH ARBITRATOR SHALL BE AN IMPARTIAL REAL ESTATE BROKER WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THE ARBITRATOR OR ARBITRATORS SHALL BE APPOINTED UNDER THE COMMERCIAL RULES AND SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 2 OF THE 3 ARBITRATORS, BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.

22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.

22.3 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Buyer's Initials

Seller's Initials

23. Miscellaneous.

23.1 **Binding Effect.** This Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed. Signatures to this Agreement accomplished by means of electronic signature or similar technology shall be legal and binding.

23.2 **Applicable Law.** This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located. Any litigation or arbitration between the Parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.

23.3 **Time of Essence.** Time is of the essence of this Agreement.

23.4 **Counterparts.** This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

23.5 **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

23.6 **Conflict.** Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. **Seller and Buyer must initial any and all handwritten provisions.**

23.7 **1031 Exchange.** Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange.

23.8 **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) *Seller's Agent.* A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the

following affirmative obligations: (1) *To the Seller*: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) *To the Buyer and the Seller*: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) *Buyer's Agent.* A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations. (1) *To the Buyer:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) *Agent Representing Both Seller and Buyer.* A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not, without the express permission of the respective Party, disclose to the other Party confidential information, including, but not limited to, facts relating to either Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including Seller's willingness to accept a price less than the listing price or Buyer's willingness to pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional. Buyer has the duty to exercise reasonable care to protect Buyer, including as to those facts about the Property which are known to Buyer or within Buyer's diligent attention and observation. Both Seller and Buyer should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

(d) *Further Disclosures.* Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document. Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties that may be of interest to this Buyer. Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this transaction may be brought against Broker more than one year after the Date of Agreement and that the liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 *Confidential Information.* Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. Construction of Agreement. In construing this Agreement, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26. Additional Provisions.

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum or addenda consisting of paragraphs 28 through 29. (If there are no additional provisions write "NONE".)

28. When referenced throughout this Agreement the term "Sale Order" shall mean Bankruptcy Court Order Approval of the Sale.

29. When referenced throughout this Agreement the term "Procedures Order" shall mean Bankruptcy Court Approval of the Sales Procedure Motion.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
2. IF EITHER PARTY IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

Date:

BROKER

Voit Real Estate Services

Attn: Adam Hill / Chris Drzyzga

Title: VP / VP

Address: 2020 Main Street, Suite 100

Irvine, CA 962614

Phone: (949) 851-5100

Fax: (714) 844-9373

Email: ahill@voitco.com / ChrisD@votico.com

Federal ID No.:

Broker DRE License #: 01991785

Agent DRE License #: 01970562/01926212

BUYER

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

INITIALS

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OFA-20.12, Revised 06-10-2019

INITIALS

Last Edited: 2/26/2020 11:26 AM

Page 7 of 8

Email: _____

Address: _____
Federal ID No.: _____

27. Acceptance.
27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.
27.2 In consideration of real estate brokerage service rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee in a sum equal to 5.0 % of the Purchase Price to be divided between the Brokers as follows: Seller's Broker 2.5 % and Buyer's Broker 2.5 %. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.
27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

BROKER

CBRE

Attn: Carol Trapani
Title: Senior Vice President

Address: 3501 Jamboree Road, Suite 100
Newport Beach, CA 92660
Phone: (949) 725-8603
Fax: (949) 725-8545
Email: carol.trapani@cbre.com
Federal ID No.: _____
Broker DRE License #: _____
Agent's DRE License #: 01099644

Date: _____

SELLER

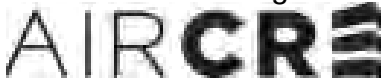
Morse Properties, LLC

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

Address: _____
Federal ID No.: _____

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DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP
(As required by the Civil Code)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A Buyer's agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more salesperson and broker associates, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the Seller's willingness to accept a price less than the listing price or the Buyer's willingness to pay a price greater than the price offered.

SELLER AND BUYER RESPONSIBILITIES

Either the purchase agreement or a separate document will contain a confirmation of which agent is representing you and whether that agent is representing you exclusively in the transaction or acting as a dual agent. Please pay attention to that confirmation to make sure it accurately reflects your understanding of your agent's role. The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional. If you are a Buyer, you have the duty to exercise reasonable care to protect yourself, including as to those facts about the property which are known to you or within your diligent attention and observation. Both Sellers and Buyers should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

<input checked="" type="checkbox"/> Buyer	<input type="checkbox"/> Seller	<input type="checkbox"/> Lessor	<input type="checkbox"/> Lessee	_____	Date: _____
<input type="checkbox"/> Buyer	<input type="checkbox"/> Seller	<input type="checkbox"/> Lessor	<input type="checkbox"/> Lessee	_____	Date: _____

Agent: Voit Real Estate Services DRE Lic. #: 01991785
Real Estate Broker (Firm)

By: Adam Hill / Chris Drzyzga DRE Lic. #: 01970562/01926212 Date: _____
(Salesperson or Broker-Associate)

THIS FORM HAS BEEN PREPARED BY AIR CRE. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF THIS FORM FOR ANY SPECIFIC TRANSACTION. PLEASE SEEK LEGAL COUNSEL AS TO THE APPROPRIATENESS OF THIS FORM.

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP
CIVIL CODE SECTIONS 2079.13 THROUGH 2079.24 (2079.16 APPEARS ON THE FRONT)

2079.13. As used in Sections 2079.7 and 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

(a) “Agent” means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. The agent in the real property transaction bears responsibility for that agent’s salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the salesperson or broker associate functions. **(b)** “Buyer” means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. “Buyer” includes vendee or lessee of real property. **(c)** “Commercial real property” means all real property in the state, except (1) single-family residential real property, (2) dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, (3) a mobilehome, as defined in Section 798.3, (4) vacant land, or (5) a recreational vehicle, as defined in Section 799.29. **(d)** “Dual agent” means an agent acting, either directly or through a salesperson or broker associate, as agent for both the seller and the buyer in a real property transaction. **(e)** “Listing agreement” means a written contract between a seller of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer, including rendering other services for which a real estate license is required to the seller pursuant to the terms of the agreement. **(f)** “Seller’s agent” means a person who has obtained a listing of real property to act as an agent for compensation. **(g)** “Listing price” is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the seller’s agent. **(h)** “Offering price” is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. **(i)** “Offer to purchase” means a written contract executed by a buyer acting through a buyer’s agent that becomes the contract for the sale of the real property upon acceptance by the seller. **(j)** “Real property” means any estate specified by subdivision (1) or (2) of Section 761 in property, and includes (1) single-family residential property, (2) multiunit residential property with more than four dwelling units, (3) commercial real property, (4) vacant land, (5) a ground lease coupled with improvements, or (6) a manufactured home as defined in Section 18007 of the Health and Safety Code, or a mobilehome as defined in Section 18008 of the Health and Safety Code, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. **(k)** “Real property transaction” means a transaction for the sale of real property in which an agent is retained by a buyer, seller, or both a buyer and seller to act in that transaction, and includes a listing or an offer to purchase. **(l)** “Sell,” “sale,” or “sold” refers to a transaction for the transfer of real property from the seller to the buyer and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year’s duration. **(m)** “Seller” means the transferor in a real property transaction and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. “Seller” includes both a vendor and a lessor of real property. **(n)** “Buyer’s agent” means an agent who represents a buyer in a real property transaction.

2079.14. A seller’s agent and buyer’s agent shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and shall obtain a signed acknowledgment of receipt from that seller and buyer, except as provided in Section 2079.15, as follows: **(a)** The seller’s agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. **(b)** The buyer’s agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer’s offer to purchase. If the offer to purchase is not prepared by the buyer’s agent, the buyer’s agent shall present the disclosure form to the buyer not later than the next business day after receiving the offer to purchase from the buyer.

2079.15. In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to Section 2079.14, the agent shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17(a) As soon as practicable, the buyer’s agent shall disclose to the buyer and seller whether the agent is acting in the real property transaction as the buyer’s agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the buyer’s agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. **(b)** As soon as practicable, the seller’s agent shall disclose to the seller whether the seller’s agent is acting in the real property transaction as the seller’s agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the seller’s agent prior to or coincident with the execution of that contract by the seller.

(C) CONFIRMATION: The following agency relationships are confirmed for this transaction.

Seller’s Brokerage Firm **DO NOT COMPLETE, SAMPLE ONLY** _____ License Number _____

Is the broker of (check one): ☐ the seller; or ☐ both the buyer and seller. (dual agent)

Seller’s Agent **DO NOT COMPLETE, SAMPLE ONLY** _____ License Number _____

Is (check one): ☐ the Seller’s Agent. (salesperson or broker associate); or ☐ both the Buyer’s Agent and the Seller’s Agent. (dual agent)

Buyer’s Brokerage Firm **DO NOT COMPLETE, SAMPLE ONLY** _____ License Number _____

Is the broker of (check one): ☐ the buyer; or ☐ both the buyer and seller. (dual agent)

Buyer’s Agent **DO NOT COMPLETE, SAMPLE ONLY** _____ License Number _____

Is (check one): ☐ the Buyer’s Agent. (salesperson or broker associate); or ☐ both the Buyer’s Agent and the Seller’s Agent. (dual agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14. An agent’s duty to provide disclosure and confirmation of representation in this section may be performed by a real estate salesperson or broker associate affiliated with that broker.

2079.18 (Repealed pursuant to AB-1289, 2017-18 California Legislative session)

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent’s employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 (a) A dual agent may not, without the express permission of the seller, disclose to the buyer any confidential information obtained from the seller. **(b)** A dual agent may not, without the express permission of the buyer, disclose to the seller any confidential information obtained from the buyer. **(c)** “Confidential information” means facts relating to the client’s financial position, motivations, bargaining position, or other personal information that may impact price, such as the seller is willing to accept a price less than the listing price or the buyer is willing to pay a price greater than the price offered. **(d)** This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a seller’s agent from also being a buyer’s agent. If a seller or buyer in a transaction chooses to not be represented by an agent, that does not, of itself, make that agent a dual agent.

2079.23 (a) A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship. **(b)** A lender or an auction company retained by a lender to control aspects of a transaction of real property subject to this part, including validating the sales price, shall not require, as a condition of receiving the lender’s approval of the transaction, the homeowner or listing agent to defend or indemnify the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violation of this subdivision is against public policy, void, and unenforceable.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

AIR CRE * <https://www.aircre.com> * 213-687-8777 * contracts@aircre.com
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AD-3.01, Revised 06-10-2019

INITIALS

Last Edited: 2/26/2020 11:26 AM

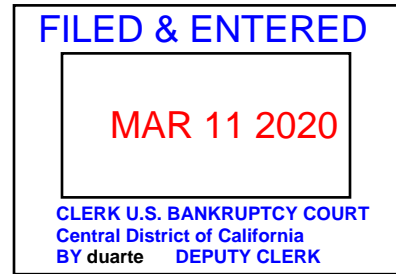
Page 2 of 2

EXHIBIT 2

Order Approving Bidding Procedures

Paul J. Couchot – State Bar No. 131934
Sean A. O’Keefe – State Bar No. 122417
Mike Neue – State Bar No. 179303
COUCHOT LAW, LLP
120 Newport Center Drive, Suite 100
Newport Beach, CA 92660
Telephone: (949) 942-6592
Facsimile: (949) 942-6591
Email: pcouchot@couchotlaw.com

General Insolvency Counsel for
Bruce Elieff, Morse Properties, LLC and
4627 Camden, LLC



UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION

In re:

BRUCE ELIEFF,

Debtor.

In re:

MORSE PROPERTIES, LLC,

Debtor.

In re:

4627 CAMDEN, LLC,

Debtor.

- ☐ Affects all Debtors
☐ Affects Bruce Elieff
☒ Affects Morse Properties, LLC
☐ Affects 4627 Camden, LLC

Case No. 8:19-bk-13858-ES

Chapter 11

Jointly Administered with:
Case No. 8:19-bk-13874
Case No. 8:19-bk-13875

**ORDER APPROVING BIDDING
PROCEDURES, STALKING HORSE BID
PROTECTIONS AND AUCTION, APPROVING
FORM OF NOTICE TO BE PROVIDED TO
INTERESTED PARTIES; SCHEDULING A
COURT HEARING TO CONSIDER
APPROVAL OF THE SALE TO THE
SUCCESSFUL BIDDER, AND DENYING
FORM OF ASSET PURCHASE AGREEMENT
WITHOUT PREJUDICE**

Bidding Procedures Hearing:

Date: March 5, 2020
Time: 10:30 a.m.

Sale Hearing:

Date: May 21, 2020
Time: 10:30 a.m.
Courtroom: 5A
411 W. Fourth Street
Santa Ana, CA 92701

1 This matter has come before the Court on the *Motion for the Entry of Orders: (A) Approving*
2 *Form of Asset Purchase Agreement for Stalking Horse Purchaser and for Overbidders to Use,*
3 *(B) Approving the Stalking Horse Bidder, (C) Approving Bidding Procedures, Stalking Horse Bid*
4 *Protections and Auction, (D) Approving Form of Notice to be Provided to Interested Parties and*
5 *(E) Scheduling a Court Hearing to Consider Approval of the Sale to the Successful Bidder* (the
6 “Motion”)¹ [Docket No. 282] of the above- captioned debtor and debtor-in-possession (the “Debtor”)
7 for the entry of Orders, as applicable, pursuant to §§ 105(a), 363, and 365 of Title 11 of the United
8 States Code (the “Bankruptcy Code”), Rules 2002, 6004, 9007, and 9014 of the Federal Rules of
9 Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 6004-1 of the Local Bankruptcy Rules of
10 the United States Bankruptcy Court for the Central District of California (“LBR”): (a) approving the
11 form of asset purchase agreement for the Stalking Horse Purchaser to purchase, and for prospective
12 Overbidders to use for the purpose of formulating their bids (the “Stalking Horse APA”) for, the
13 Debtor’s principal asset, an industrial building located at 2392 Morse Avenue, Irvine, California
14 92614 (the “Property”); (b) establishing Stalking Horse Purchaser as the stalking horse bidder for the
15 Property; (c) approving the format, bidding procedures, and stalking horse bid protections including a
16 breakup fee (the “Bidding Procedures”), relating to the proposed Auction and sale of the Property;
17 (d) approving the form of notice to be provided to creditors and other interested parties; and
18 (e) scheduling a court hearing to consider approval of the sale to the highest bidder (the “Sale
19 Hearing”). The Court, having found that (i) the Court has jurisdiction to consider the Motion and the
20 relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; (ii) venue is proper in this district
21 pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. §
22 157(b); and (iv) notice of the Motion was sufficient under the circumstances and properly given, and
23 it appearing that no other or further notice need be provided; and a hearing on the proposed bid and
24 sale procedures as detailed in the Motion having been held; and, after due deliberation, the Court
25 having determined that the relief requested in the Motion with respect to proposed bid and sale
26 procedures is in the best interests of the Debtor, its estate, and its creditors; and for the reasons set
27

28 ¹ Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Motion.

1 forth on the record of the hearing leading to this Bidding Procedures Order, which the Court adopts as
2 its final ruling and which is incorporated herein by reference; and good and sufficient cause having
3 been shown;

4 **AND IT IS FURTHER FOUND AND DETERMINED THAT:²**

5 A. The statutory and legal predicates for the relief requested in the Motion and provided
6 for herein are §§ 105(a) and 363 of Title 11 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004,
7 9007, and 9014, and LBR 2081-1 and 6004-1.

8 B. In the Motion and at the hearing on the Motion, the Debtor demonstrated that good
9 and sufficient notice of the relief granted by this Order has been given and no further notice is
10 required. A reasonable opportunity to object or be heard regarding the relief granted by this Order
11 has been afforded to those parties entitled to notice pursuant to Bankruptcy Rule 2002 and all other
12 interested parties.

13 C. The Debtor's proposed notice of the Bidding Procedures, the Auction and the Sale
14 Hearing is appropriate and reasonably calculated to provide all interested parties with timely and
15 proper notice, and no other or further notice is required.

16 D. The Bidding Procedures substantially in the form attached hereto as **Exhibit 1** are
17 fair, reasonable, and appropriate and are designed to maximize the recovery from the sale of the
18 Property.

19 E. The Breakup Fee (as defined herein) (i) is reasonable and appropriate given, among
20 other things, the size and nature of the sale and the efforts that will have been expended, and will
21 continue to be expended, by the Stalking Horse Purchaser, and (ii) are a material inducement for, and
22 a condition of, the Stalking Horse Purchaser's entry into the Stalking Horse APA.

23 **NOW, THEREFORE, IT IS HEREBY ORDERED THAT:**

24 1. The Motion is **GRANTED** as set forth herein except that the Debtor's request for
25 approval of the form of the Stalking Horse APA is denied without prejudice.

26 _____
27 ² The findings and conclusions set forth herein constitute the Court's findings of fact and
28 conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant
to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute
conclusions of law, they are adopted as such. To the extent that any of the following conclusions of
law constitute findings of fact, they are adopted as such.

2. The Bidding Procedures attached hereto as **Exhibit 1** are **APPROVED**.

3. If the Stalking Horse Purchaser is not selected as the Successful Bidder or the Back-Up Bidder at Auction (or the Stalking Horse Purchaser agrees to be the Back-Up Bidder but the sale of the Purchased Assets is consummated and closed with another entity), the Debtor shall pay to the Stalking Horse Purchaser a breakup fee in the amount of \$100,000 (the "**Breakup Fee**") by wire transfer of immediately available funds at the closing of the sale of the Purchased Assets from the cash proceeds thereof. The Breakup Fee shall constitute an administrative expense claim with priority under Section 507(a) of the Bankruptcy Code in favor of the Stalking Horse Purchaser; provided, however, that if no alternative sale transaction closes, the Breakup Fee will not be due or paid. The Breakup Fee shall be payable without further Order of the Bankruptcy Court.

4. Subject to the Bidding Procedures, the Bid Deadline shall be **May 15 at 4:00 p.m. (prevailing Pacific Time)**.

5. The Debtor, with the consent of the Official Creditors' Committee in the jointly administered chapter 11 case of Bruce Elieff (the "**Committee**"), shall have the right to determine whether a bid is a Qualified Bid and a bidder is a Qualified Bidder. The Debtor shall notify bidders of whether their bids are Qualified Bids and whether are Qualified Bidders as promptly as practicable after a Qualified Bidder delivers all of the materials required by the Bidding Procedures. The Stalking Horse Purchaser shall be deemed a Qualified Bidder.

6. Subject to the Bidding Procedures, the Auction, if necessary, shall be held on **May 19, 2020 at 10:00 a.m. (prevailing Pacific Time)** at the office of the Debtor's counsel, Couchot Law, LLP, 120 Newport Center Drive, Suite 100, Newport Beach, CA 92660, or at such other location as shall be identified in a notice filed with the Bankruptcy Court at least twenty-four (24) hours before the Auction.

7. Prior to the Auction, each Qualified Bidder shall be required to confirm in writing and that (a) it has not engaged and will not engage in any collusion with respect to the Auction or the submission of any bid for the Property and (b) its initial Qualified Bid and each Qualified Bid submitted by it at the Auction is and will be a binding, good-faith and bona fide offer to purchase the

Property. Each Qualified Bidder shall be required to reconfirm the foregoing on the record of the Auction.

8. On the next business day following the conclusion of the Auction, the Debtor shall file a notice identifying the Successful Bidder with the Court.

9. The Debtor, with the consent of the Committee, shall determine which Qualified Bid is the highest or otherwise best offer for the Property, giving effect to the Breakup Fee payable to the Stalking Horse Purchaser if it is not the Successful Bidder and to any additional costs which may be imposed on the Debtor in any bid.

10. The Sale Hearing shall be held on **May 21, 2020, at 10:30 a.m.** before the Honorable Erithe A. Smith, in Courtroom 5A located at U.S. Bankruptcy Court for the Central District of California, 411 W. Fourth Street, Santa Ana, California 92701. Any objections to the sale (a “Sale Objection”), must (i) be in writing; (ii) comply with the Bankruptcy Rules and the Local Rules; (iii) set forth the specific basis for the Sale Objection; (iv) be filed with the Court, together with proof of service, **on or before 12:00 p.m. (prevailing Pacific Time) on May 7, 2020** (the “Sale Objection Deadline”) and (v) be served, so as to be actually received on or before the Sale Objection Deadline, upon (i) counsel for the Debtor, Couchot Law, LLP, Attn: Paul Couchot, Esq., 120 Newport Center Drive, Suite 100, Newport Beach, CA 92660; e-mail: pcouchot@couchotlaw.com; (ii) the Office of the United States Trustee, Attn Michael Hauser, Esq., 411 W. Fourth Street, Suite 7160, Santa Ana, CA 92671; e-mail: michael.hauser@usdoj.gov; and (iii) counsel for the Committee, Hogan Lovells US LLP, Attn: Richard L. Wynne, Esq., 1999 Avenue of the Stars, Suite 1400, Los Angeles, CA 90067; e-mail: richard.wynne@hoganlovells.com (collectively, the “Notice Parties”). If a Sale Objection is not filed and served on or before the Sale Objection Deadline, the objecting party may be barred from objecting to the sale and may not be heard at the Sale Hearing, and this Court may enter the Sale Order without further notice to such party.

11. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing.

12. The form of the Procedures Notice, in the form substantially similar to that attached hereto as Exhibit 2, is approved.

13. The Debtor shall, within five (5) business day after the entry of this Bidding Procedures Order, file with the Court and serve a copy of this Bidding Procedures Order and the Procedures Notice by first class mail, postage prepaid, on the Notice Parties and all general unsecured creditors. The Debtor may deliver the Procedures Notice to any other person or entity that it determines, in its sole discretion, might have an interest, or that represents another that might have an interest, in purchasing the Property.


14. To the extent the provisions of this Bidding Procedures Order are inconsistent with the provisions of any Exhibit referenced herein or with the Motion, the provisions of this Bidding Procedures Order shall control.

15. The Court shall retain jurisdiction over all matters arising from or related to the interpretation and implementation of this Bidding Procedures Order.

16. Notwithstanding the possible applicability of Bankruptcy Rules 6004, 7062, 9014, or otherwise, the terms and conditions of this Bidding Procedures Order shall be immediately effective and enforceable.

###

Date: March 11, 2020


Erithe Smith
United States Bankruptcy Judge

BIDDING PROCEDURES

Morse Properties, LLC (the “**Debtor**”) has entered into an agreement (the “**Agreement**”) to sell its primary asset, a 20,392 square foot flex building located at 2392 Morse Avenue, Irvine, California 92614 (the “**Property**”), to Dirk Griffin or assignee (the “**Stalking Horse Purchaser**”), for a cash purchase price of \$8,500,000.00 (the “**Purchase Price**”). The Agreement and sale of the Property will be subject to competitive bidding, as set forth herein, and approval by the Bankruptcy Court of (i) the Debtor’s determination of the prevailing bid at an auction, if needed (“**Auction**”) and (ii) pursuant to, among other provisions, sections 105 and 363 of the Bankruptcy Code.

Set forth below are the bidding procedures (“**Bidding Procedures**”) to be employed in connection with the right of the Stalking Horse Purchaser, or another Qualified Bidder (as defined below), to purchase the Property. These Bidding Procedures are intended to maximize the value of the Debtor’s interest in the Property to the Debtor’s bankruptcy estate (the “**Estate**”).

Bidding Procedures and Sale Motion and Hearings

The Debtor has filed a motion requesting that the Bankruptcy Court (1) approve the Stalking Horse Purchaser as stalking horse bidder pursuant to terms and conditions set forth in the Agreement, including the payment to the Stalking Horse Purchaser of the Breakup Fee (as defined below) in the event that another Qualified Bidder (as defined below) becomes the Successful Bidder (as defined below), (2) approve these Bidding Procedures, including the stalking horse protections set forth below, (3) schedule the date and time of a final hearing for the Bankruptcy Court to approve the sale to the Successful Bidder as determined by the Debtor (the “**Sale Hearing**”), (4) approve the proposed scheduling of the Auction itself, and (5) following the Sale Hearing, enter an order (the “**Sale Order**”) authorizing and approving: (a) the Agreement and the sale and transfer of Property to the Stalking Horse Purchaser pursuant to the terms and conditions set forth in the Agreement, if no other Qualified Bid (as defined below) is timely received, or (b) a Marked Agreement (as defined below) and the sale and transfer of the Property to the Stalking Horse Purchaser or to some other entity or person, as the case may be, pursuant to the terms and conditions set forth in such Marked Agreement if, consistent with these Bidding Procedures, another Qualified Bid is timely received, and, at the conclusion of the Auction, the Debtor determines, with the consent of the Official Committee of Unsecured Creditors in the jointly administered chapter 11 case of Bruce Elieff (the “**Committee**”), that such Marked Agreement constitutes the highest or otherwise best offer to consummate a sale of the Property (the “**Successful Bid**”). Such motion, as it pertains to items (1)-(4) above, hereafter shall be referred to as the “**Bidding Procedures Motion**” and, as it pertains to item (5) above, as the “**Sale Motion**.” The hearing on the Bidding Procedures Motion hereafter shall be referred to as the “**Bidding Procedures Hearing**.”

Participation

Any person who wishes to participate in the Bidding Process (as defined below) must be a “**Qualified Bidder**.” The Stalking Horse Purchaser is a Qualified Bidder. A “Qualified Bidder” is also a prospective bidder (a) that delivers to the Debtor financials or other evidence of financial wherewithal that demonstrates, to the reasonable satisfaction of the Debtor and the Committee, the prospective bidder’s financial capability to fully and timely consummate an acquisition of the Property and (b) that submits a competing bid on substantially the same terms as those set forth in the Agreement that (i) results in the Debtor’s receipt of cash consideration payable to the Debtor at closing in an amount that is no less than \$8,700,000 (“**Minimum Competing Offer**”);¹ and (i) whose bid is accompanied by

¹ The Minimum Competing Offer is comprised of an amount equal to (a) the \$8,500,000 Purchase Price, plus (b) the \$100,000 Breakup Fee, plus (c) no less than \$100,000.

a good faith cash or cash equivalent deposit (in the form of a cashier's check made payable to Morse Properties, LLC, debtor and debtor in possession) in the amount of \$250,000 (the "**Good Faith Deposit**") and delivered to Force Ten Partners, LLC, 20341 SW Birch, Suite 220, Newport Beach, CA 92660, Attn: Brian Weiss.

Each Qualified Bidder must disclose all of its prepetition and postpetition relationships with other bidders, the Debtor, major creditors or equity security holders of the Debtor, or any of the Debtor's members, officers, directors or agents. Only a Qualified Bidder is entitled to bid at the Auction. Each potential bidder, whether a Qualified Bidder or not, and its affiliates or joint venturers, shall be deemed to have submitted to the exclusive jurisdiction of the Bankruptcy Court with respect to all matters relating to their bids, the Auction and the sale of the Property.

The Debtor shall (i) with the consent of the Committee, determine whether any person is a Qualified Bidder, (ii) receive bids from Qualified Bidders, (iii) negotiate any bid made in connection with a transaction involving the Property, and (iv) conduct an Auction, if necessary (collectively, the "**Bidding Process**"). The Debtor, with the consent of the Committee, shall have the right to adopt such other rules for the Bidding Process that are not materially inconsistent with any of the provisions of the Agreement, these Bidding Procedures, or any Bankruptcy Court order that, in the Debtor's and Committee's judgment, promote a fair open and competitive Bidding Process.

Bid Deadline

A Qualified Bidder that desires to make a bid shall deliver by mail, hand delivery or email, a written copy of its bid, such that the bid is received by the representatives of the Debtor set forth below by not later than 4:00 pm (prevailing Pacific Time), two (2) business days prior to the Auction (the "**Bid Deadline**"). Such bids shall be delivered to the attention of (a) Couchot Law, LLP, 120 Newport Center Drive, Newport Beach, CA 92660, Attn: Paul J. Couchot, pcouchot@couchotlaw.com ("**Couchot**"), (b) CBRE, Inc., 3501 Jamboree Road, Suite 100, Newport Beach, CA 92660, Attn: Carol Trapani, carol.trapani@cbre.com, and (c) Force Ten Partners, LLC, 20341 SW Birch, Suite 220, Newport Beach, CA 92660, Attn: Brian Weiss, bweiss@force10partners.com. Only Qualified Bidders that have submitted Qualified Bids prior to the Bid Deadline (as it may be extended in compliance with these Bidding Procedures) will be entitled to bid at the Auction. The Debtor may extend the Bid Deadline once or successively but is not obligated to do so. If the Debtor extends the Bid Deadline, it shall promptly notify known prospective bidders of the extension. In no event shall the Debtor extend the Bid Deadline later than 5:00 p.m. (prevailing Pacific Time) the day before the Auction.

If no Qualified Bid (other than that of the Stalking Horse Purchaser) has been received by the Debtor by the Bid Deadline, the Stalking Horse Purchaser shall be deemed the Successful Bidder, there will be no Auction and the Debtor will seek approval of the Agreement at the Sale Hearing.

Bid Requirements

A bid is a written irrevocable offer from a Qualified Bidder stating that such Qualified Bidder is prepared to close upon a competing bid (i) upon the terms and conditions substantially in the form set forth in the Agreement, marked to show those amendments and modifications to the Agreement that the Qualified Bidder proposes, in form and substance acceptable to the Debtor and the Committee, or (ii) on such other terms (other than the terms relating to the Stalking Horse Purchaser's rights to the Breakup Fee) as may be set forth in the bid documents, in form and substance acceptable to the Debtor and the Committee (in either case, including such amendments and modifications made at the Auction as may be acceptable to the Debtor (the "**Marked Agreement**").

A bid (as evidenced by the Marked Agreement and any related documentation) will constitute a Qualified Bid only if such bid:

- a. is for an amount that is no less than the Minimum Competing Offer;
- b. is accompanied by the payment to the Debtor of the Good Faith Deposit;
- c. is not conditioned on any internal approval;
- d. is not subject to financing, diligence or any other conditions that are more burdensome in respect of a closing than those set forth in the Agreement;
- e. is irrevocable through the conclusion of the Auction
- f. does not request or entitle the bidder to any breakup fee, termination fee, expense reimbursement or similar type of payment; and
- g. acknowledges and represents that the bidder (i) has had an opportunity to inspect and examine the Property and (ii) in making its bid, has relied solely on its own independent review, investigation and/or inspection of same, and (iii) did not rely on any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied or by operation of law or otherwise regarding same, or the completeness of any information provided in connection therewith at the Auction, except as expressly stated in the Marked Agreement or these Bidding Procedures; and fully discloses the identity of each entity that will be bidding otherwise participating in connection with such bidding, and all terms of any such participation that, in the reasonable business judgment of the Debtor, are relevant to such bid.

A bid received from a Qualified Bidder before the Bid Deadline that meets the above requirements shall constitute a **“Qualified Bid”**; provided, however, that the Debtor may (but is not required to) request that a Qualified Bidder amend its bid to address any failure to comply with any of the requirements listed in this paragraph. For purposes hereof, the bid set forth in the Agreement executed by the Stalking Horse Purchaser constitutes a Qualified Bid. The Marked Agreement must be accompanied by a \$250,000 cashier’s check made payable to Morse Properties, LLC, debtor and debtor in possession and delivered to Force Ten Partners, LLC, 20341 SW Birch, Suite 220, Newport Beach, CA 92660, Attn: Brian Weiss. By submitting the bid and the deposit, each bidder is also agreeing to become a Back-up Bidder and further agreeing that said deposit may be retained by the Debtor until the three business days after the closing of the transaction by a third party bidder.

“As Is, Where Is”

Except as otherwise provided in the Agreement or the Marked Agreement, as the case may be, the sale of the Property shall be on an “as is, where is” basis and without representations or warranties of any kind, nature or description by the Debtor, its agents or its estate, except to the extent expressly set forth in the Agreement or the Marked Agreement, as the case may be. Except as otherwise provided in any Marked Agreement, all of the Debtor’s right, title and interest in the Property shall be sold, subject to approval by order of the Bankruptcy Court entered after the Sale Hearing, free and clear all liens, claims, adverse claims of ownership, and other interests, other than those arising under the Agreement (collectively, **“Encumbrances”**) in accordance with, among other provisions, sections 105 and 363 of the Bankruptcy Code, with such Encumbrances, if any, to attach to the net proceeds of the sale with the same priority as existed with respect to the Property.

Auction

If any Qualified Bid (other than the Agreement with the Stalking Horse Purchaser) is received by the Bid Deadline, then the Debtor shall conduct the Auction for the right to become the Successful

Bidder. If no Qualified Bid, other than the Agreement with the Stalking Horse Purchaser, is received by the Bid Deadline, then the Debtor will not conduct the Auction and shall designate Stalking Horse Purchaser's bid as the Successful Bid for the purposes of these Bidding Procedures.

At least one (1) business day prior to the date of the Auction, the Debtor shall notify all Qualified Bidders of the Qualified Bid that, as determined by the Debtor, with the consent of the Committee, constitutes the highest or otherwise best Qualified Bid (the "**Baseline Bid**"). If there are two or more Qualified Bids that are identical or near identical in their bid amounts and terms, and are such that, absent the competing identical or near identical bid, each such Qualified Bid could be deemed the Baseline Bid, the Debtor, with the consent of the Committee, shall decide which such Qualified Bid will constitute the Baseline Bid. If the Bid Deadline is extended by the Debtor, then the Debtor shall notify all Qualified Bidders of the Qualified Bid no later than 9:00 p.m. (prevailing Pacific Time) the night before the Auction.

The Auction will commence at 10:00 a.m., prevailing Pacific Time, two (2) business days prior to the Sale Hearing, at the office of the Debtor's Counsel, Couchot Law, LLP, 120 Newport Center Drive, Suite 100, Newport Beach, CA 92660, or such other time or other place as the Debtor shall notify all Qualified Bidders who have submitted Qualified Bids.

Unless otherwise determined by the Debtor, with the consent of the Committee (i) only the Debtor, members of and professionals representing the Committee, the Stalking Horse Purchaser and other Qualified Bidders (and their advisors) who have timely submitted Qualified Bids will be permitted to attend the Auction; (ii) only Qualified Bidders that have submitted Qualified Bids will be eligible to participate in the Auction; (iii) all Qualified Bidders must be present at the Auction, in person or through a qualified representative; and (iv) no Qualified Bidder will be permitted more than five (5) minutes to respond to a previous bid.

Each Qualified Bidder participating in the Auction will be required to confirm in writing and on the record at the Auction that (a) it has not engaged in any collusion with respect to the Auction or the submission of any bid for the Property and (b) its Qualified Bid that gained the Qualified Bidder admission to participate in the Auction and each Qualified Bid submitted by the Qualified Bidder at the Auction is a binding, good-faith and bona fide offer to purchase the Property.

Bidding at Auction will start at the amount of the Baseline Bid. The Debtor shall announce prior to each subsequent round of bidding the minimum incremental overbid, which shall be an amount that is not less than \$25,000; provided, however, that any bidder may bid an amount that exceeds the minimum incremental overbid.

The Debtor, in consultation with its advisors, and with the consent of the Committee, shall review each Qualified Bid on the basis of its financial and contractual terms and the factors relevant to the transaction process and the best interests of the Debtor's estate, including those factors affecting the speed and certainty of consummating the transactions.

Prior to the conclusion of the Auction, the Debtor, in consultation with its advisors, and with the consent of the Committee, will (i) identify the Successful Bid, (ii) identify the next highest or otherwise best offer after the Successful Bid (the "**Next Highest Bid**"), and (iii) notify all Qualified Bidders present at the Auction of the identities of the bidder that submitted the Successful Bid (the "**Successful Bidder**") and the bidder that submitted the Next Highest Bid (the "**Next Highest Bidder**"), and the respective amounts and terms of their bids.

At the Sale Hearing, the Debtor shall present the Successful Bid to the Bankruptcy Court for approval. The bidder identified by the Debtor as the Next Highest Bidder shall be deemed to maintain its status as a back-up bidder ("**Back-up Bidder**"), and its Next Highest Bid shall remain irrevocable and subject to acceptance by the Debtor ("**Back-up Bid**"), and the Debtor will retain its Good Faith Deposit, until the earlier of (i) the closing and effectiveness of the transactions contemplated in the Successful Bid, or (ii) three (3) business days following the termination of the Marked Agreement evidencing the Successful Bid. If the bidder initially identified by the Debtor as the Next Highest Bidder does not agree to such terms, then the Debtor, with the consent of the Committee, may identify the next highest or otherwise best bid as the Next Highest Bid, and may continue to do so until such a bidder who has submitted such a bid agrees to become the Back-up Bidder. The Auction may be adjourned or rescheduled without notice, other than by an announcement of such adjournment at the Auction.

Acceptance of Successful Bid

In the event that an Auction is held, the Debtor intends to enter into the sale transaction contemplated by the Agreement or by the Marked Agreement, as applicable, with the Successful Bidder, whether such entity is the Stalking Horse Purchaser or another Qualified Bidder.

The Debtor and the Successful Bidder shall close the transactions contemplated by the Agreement (or the applicable Marked Agreement) in the manner set forth in the Agreement (or the applicable Marked Agreement). In the event that the Successful Bidder fails to close the transactions contemplated in the Agreement (or the applicable Marked Agreement), then the Debtor shall be authorized, but not required, to close with the Back-up Bidder, without notice to any other party or further court order. If the Debtor decides to close with the Back-up Bidder, the Debtor and the Back-up Bidder shall have until the later of: (i) an additional five (5) calendar days, or (ii) the closing deadline specified in the Marked Agreement, to close.

Breakup Fee

If the Stalking Horse Purchaser has not breached its obligations under the Agreement, and is not the Successful Bidder, the Stalking Horse Purchaser, as the stalking horse bidder, will be entitled to a break-up fee in the amount of \$100,000 ("**Breakup Fee**") to be paid from the proceeds of the sale of the Property to the Successful Bidder upon the closing of such sale.

Broker's Commission

Carol Trapani of CBRE Group, Inc. represents the Debtor as its broker in the marketing and sale of the Property. Under Agreement, Trapani and the Stalking Horse Purchaser's broker, or the Successful Bidder's broker, shall split the 5% commission upon the close of sale to the Stalking Horse Purchaser. If the Successful Bidder does not have its own broker and Trapani acts as dual broker, the total commission would remain at 5%.

Return of Good Faith Deposit

The Good Faith Deposits of all Qualified Bidders shall be held by the Debtor in one or more escrow accounts or, with respect to that of the Stalking Horse Purchaser, in a manner consistent with the Agreement and these Bidding Procedures but shall not become property of the Debtor's estate absent further order of the Bankruptcy Court.

Good Faith Deposits made by Qualified Bidders, other than those made by the Successful Bidder and any Next Highest Bidder who agrees to maintain its status as the Back-up Bidder, shall be returned to such Qualified Bidder within three (3) business days following the conclusion of the Auction. If the

Successful Bidder, or the Back-up Bidder, as the case may be, timely closes by the closing date set forth in the Agreement or, if applicable, a Marked Agreement, then its Good Faith Deposit and all accrued interest shall be credited towards the amount due at closing under the Agreement or such Marked Agreement. If the Successful Bidder, or the Back-up Bidder, as the case may be, fails to timely close by the closing date set forth in the Agreement or, if applicable, a Marked Agreement, by reason of any failure of performance, breach or default by the Successful Bidder, or the Back-up Bidder, as the case may be, then such Qualified Bidder's Good Faith Deposit will be forfeited to the Debtor and the bankruptcy estate as liquidated damages.

Modifications

Notwithstanding any other provision herein, the Debtor, with the consent of the Committee, may extend or alter any deadline contained herein if it will better promote the goals of the Bidding Process. At or before the Auction, the Bankruptcy Court or the Debtor may impose such other terms and conditions as it may determine to be in the best interests of the Debtor's estate, its creditors and other parties in interest.

Estimated/Proposed Key Dates and Deadlines

March 5, 2020	Bidding Procedures Hearing
May 7, 2020	Sale Objection Deadline
May 14, 2020, 4:00 p.m.	Bid Deadline
May 19, 2020, 10:00 a.m.	Auction
May 20, 2020	Deadline for Debtors to file Notice of Auction Results
May 21, 2020, 10:30 a.m.	Sale Hearing

Paul J. Couchot – State Bar No. 131934
Sean A. O’Keefe – State Bar No. 122417
Mike Neue – State Bar No. 179303
COUCHOT LAW, LLP
120 Newport Center Drive, Suite 100
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General Insolvency Counsel for
Bruce Elieff, Morse Properties, LLC and
4627 Camden, LLC

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION

In re:

BRUCE ELIEFF,

Debtor.

In re:

MORSE PROPERTIES, LLC,

Debtor.

In re:

4627 CAMDEN, LLC,

Debtor.

☐ Affects all Debtors

☐ Affects Bruce Elieff

☒ Affects Morse Properties, LLC

☐ Affects 4627 Camden, LLC

Case No. 8:19-bk-13858-ES

Chapter 11

Jointly Administered with:

Case No. 8:19-bk-13874

Case No. 8:19-bk-13875

**NOTICE OF SALE PROCEDURES, AUCTION
DATE AND SALE HEARING**

Auction Date and Time:

Date: May 19, 2020

Time: 10:00 a.m.

Place: Couchot Law, LLP

120 Newport Center Drive, Suite 100
Newport Beach, CA 92660

Sale Hearing Date and Time:

Date: May 21, 2020

Time: 10:30 a.m.

Place: Courtroom 5A

411 W. Fourth Street
Santa Ana, CA 92701

PLEASE TAKE NOTICE that on February 26, 2020, by Morse Properties, LLC, the above-captioned debtor and debtor in possession (the “Debtor”) filed the *Motion for the Entry of Orders: (A) Approving Form of Asset Purchase Agreement for Stalking Horse Purchaser and for*

1 *Overbidders to Use, (B) Approving the Stalking Horse Bidder, (C) Approving Bidding Procedures,*
2 *Stalking Horse Bid Protections and Auction, (D) Approving Form of Notice to be Provided to*
3 *Interested Parties and (E) Scheduling a Court Hearing to Consider Approval of the Sale to the*
4 *Successful Bidder (the “Motion”).* The Debtor seeks, among other things, to sell that certain
5 commercial property located at 2392 Morse Avenue, Irvine, California 92614 (as defined in the
6 Motion, “Property”) to Dirk Griffin or assignee (the “Stalking Horse Bidder”), pursuant to the
7 Stalking Horse APA (defined below), or, in the event there are qualified competitive overbidders for
8 the Property, to the successful bidder (inclusive of the Stalking Horse Bidder, the “Successful
9 Bidder”) at an auction, free and clear of all liens, claims, encumbrances and other interests pursuant
10 to Sections 363 and 105 of the Bankruptcy Code.

11 **PLEASE TAKE FURTHER NOTICE** that, on March ____, 2020, the Bankruptcy Court
12 entered an order (the “Bidding Procedures Order”) approving the form of bidding procedures for the
13 sale of the Property (the “Bidding Procedures”), which, *inter alia*, sets key dates and times related to
14 the sale of the Property, and scheduled a hearing (the “Sale Hearing”) at which the Court will
15 consider approving the Debtor’s sale of the Property to the Successful Bidder. All interested bidders
16 should carefully read the Bidding Procedures Order and the Bidding Procedures. To the extent that
17 there are any inconsistencies between the Bidding Procedures Order (including the Bidding
18 Procedures) and the summary description of its terms and conditions contained in this Notice, the
19 terms of the Bidding Procedures Order shall control.

20 **PLEASE TAKE FURTHER NOTICE** that, pursuant to the terms of the Bidding
21 Procedures, an Auction to sell the Property will be conducted on **May 19, 2020 at 10:00 a.m.**
22 **(prevailing Pacific Time)** at the office of the Debtor’s counsel, Couchot Law, LLP, 120 Newport
23 Center Drive, Suite 100, Newport Beach, CA 92660, or at such other location as shall be identified
24 in a notice filed with the Bankruptcy Court at least 24 hours before the Auction. Within two
25 business days of the conclusion of the Auction, the Debtor will file a notice with the Bankruptcy
26 Court identifying the Auction results.

27 **PLEASE TAKE FURTHER NOTICE** that the Sale Hearing will be held before the
28 Honorable Erithe A. Smith, United States Bankruptcy Judge, United States Bankruptcy Court for the
Central District of California, 411 W. Fourth Street, Santa Ana, California 92701, Courtroom 5A, on
May 21, 2020 at 10:30 a.m. (prevailing Pacific Time), or at such time thereafter as counsel may be
heard or at such other time as the Bankruptcy Court may determine. The Sale Hearing may be
adjourned from time to time without further notice to creditors or parties in interest other than by
announcement of the adjournment in open court on the date scheduled for the Sale Hearing.
Objections to the sale shall be filed with the Bankruptcy Court and served **so as to be received no
later than 12:00 p.m. (prevailing Pacific Time) on May 7, 2020** upon (i) counsel for the Debtor,
Couchot Law, LLP, Attn: Paul Couchot, Esq., 120 Newport Center Drive, Suite 100, Newport
Beach, CA 92660; e-mail: pcouchot@couchotlaw.com; (ii) the Office of the United States Trustee,
Attn Michael Hauser, Esq., 411 W. Fourth Street, Suite 7160, Santa Ana, CA 92671; e-mail:
michael.hauser@usdoj.gov; and (iii) counsel for the Official Committee of Unsecured Creditors in
the jointly administered chapter 11 case of Bruce Elieff, Hogan Lovells US LLP, Attn: Richard L.
Wynne, Esq., 1999 Avenue of the Stars, Suite 1400, Los Angeles, CA 90067; e-mail:
richard.wynne@hoganlovells.com.

PLEASE TAKE FURTHER NOTICE that this Notice of the Auction and Sale Hearing is
subject to the full terms and conditions of the Motion, the Bidding Procedures and Bidding
Procedures Order (the Bidding Procedures Order shall control in the event of any conflict among the

1 foregoing), and the Debtor encourages parties in interest to review such documents in their entirety.
2 Any party that has not received a copy of the Motion or the Bidding Procedures Order that wishes to
3 obtain a copy of the Motion, the Bidding Procedures Order (including all exhibits thereto), the
4 Bidding Procedures, and the Stalking Horse APA, may make such a request in writing to Couchot
Law, LLP, Attn: Paul Couchot, Esq., 120 Newport Center Drive, Suite 100, Newport Beach, CA
92660; e-mail: pcouchot@couchotlaw.com or by calling (949) 942-6592.

5 DATED: March __, 2020

COUCHOT LAW, LLP

6
7 By: /s/ Paul J. Couchot

8 Paul J. Couchot

9 General Insolvency Counsel for

Bruce Elieff, Morse Properties, LLC and

4627 Camden, LLC
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Notice of Auction and Sale Hearing

(Filed on March 17, 2020)

Paul J. Couchot – State Bar No. 131934
Sean A. O’Keefe – State Bar No. 122417
Mike Neue – State Bar No. 179303
COUCHOT LAW, LLP
120 Newport Center Drive, Suite 100
Newport Beach, CA 92660
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Facsimile: (949) 942-6591
Email: pcouchot@couchotlaw.com

General Insolvency Counsel for
Bruce Elieff, Morse Properties, LLC and
4627 Camden, LLC

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION

In re:

BRUCE ELIEFF,

Debtor.

In re:

MORSE PROPERTIES, LLC,

Debtor.

In re:

4627 CAMDEN, LLC,

Debtor.

☐ Affects all Debtors

☐ Affects Bruce Elieff

☒ Affects Morse Properties, LLC

☐ Affects 4627 Camden, LLC

Case No. 8:19-bk-13858-ES

Chapter 11

Jointly Administered with:

Case No. 8:19-bk-13874

Case No. 8:19-bk-13875

**NOTICE OF SALE PROCEDURES, AUCTION
DATE AND SALE HEARING**

Auction Date and Time:

Date: May 19, 2020

Time: 10:00 a.m.

Place: Couchot Law, LLP

120 Newport Center Drive, Suite 100
Newport Beach, CA 92660

Sale Hearing Date and Time:

Date: May 21, 2020

Time: 10:30 a.m.

Place: Courtroom 5A

411 W. Fourth Street
Santa Ana, CA 92701

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8 the Property, to the successful bidder (inclusive of the Stalking Horse Bidder, the “Successful
9 Bidder”) at an auction, free and clear of all liens, claims, encumbrances and other interests pursuant
10 to Sections 363 and 105 of the Bankruptcy Code.

11 **PLEASE TAKE FURTHER NOTICE** that, on March 11, 2020, the Bankruptcy Court
12 entered an order (the “Bidding Procedures Order”) approving the form of bidding procedures for the
13 sale of the Property (the “Bidding Procedures”), which, *inter alia*, sets key dates and times related to
14 the sale of the Property, and scheduled a hearing (the “Sale Hearing”) at which the Court will
15 consider approving the Debtor’s sale of the Property to the Successful Bidder. All interested bidders
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22 **(prevailing Pacific Time)** at the office of the Debtor’s counsel, Couchot Law, LLP, 120 Newport
23 Center Drive, Suite 100, Newport Beach, CA 92660, or at such other location as shall be identified
24 in a notice filed with the Bankruptcy Court at least 24 hours before the Auction. Within two
25 business days of the conclusion of the Auction, the Debtor will file a notice with the Bankruptcy
26 Court identifying the Auction results.

27 **PLEASE TAKE FURTHER NOTICE** that the Sale Hearing will be held before the
28 Honorable Erithe A. Smith, United States Bankruptcy Judge, United States Bankruptcy Court for the
Central District of California, 411 W. Fourth Street, Santa Ana, California 92701, Courtroom 5A, on
May 21, 2020 at 10:30 a.m. (prevailing Pacific Time), or at such time thereafter as counsel may be
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adjourned from time to time without further notice to creditors or parties in interest other than by
announcement of the adjournment in open court on the date scheduled for the Sale Hearing.
Objections to the sale shall be filed with the Bankruptcy Court and served **so as to be received no
later than 12:00 p.m. (prevailing Pacific Time) on May 7, 2020** upon (i) counsel for the Debtor,
Couchot Law, LLP, Attn: Paul Couchot, Esq., 120 Newport Center Drive, Suite 100, Newport
Beach, CA 92660; e-mail: pcouchot@couchotlaw.com; (ii) the Office of the United States Trustee,
Attn Michael Hauser, Esq., 411 W. Fourth Street, Suite 7160, Santa Ana, CA 92671; e-mail:
michael.hauser@usdoj.gov; and (iii) counsel for the Official Committee of Unsecured Creditors in
the jointly administered chapter 11 case of Bruce Elieff, Hogan Lovells US LLP, Attn: Richard L.
Wynne, Esq., 1999 Avenue of the Stars, Suite 1400, Los Angeles, CA 90067; e-mail:
richard.wynne@hoganlovells.com.

PLEASE TAKE FURTHER NOTICE that this Notice of the Auction and Sale Hearing is
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4 Bidding Procedures, and the Stalking Horse APA, may make such a request in writing to Couchot
Law, LLP, Attn: Paul Couchot, Esq., 120 Newport Center Drive, Suite 100, Newport Beach, CA
92660; e-mail: pcouchot@couchotlaw.com or by calling (949) 942-6592.

5 DATED: March 17, 2020

COUCHOT LAW, LLP

6
7 By: /s/ Paul J. Couchot

Paul J. Couchot

8 General Insolvency Counsel for
9 Bruce Elieff, Morse Properties, LLC and
4627 Camden, LLC